ARE TRANSFORMATIONAL LEADERSHIP AND MARKET ORIENTATION LINKED? A MARKETING PERSPECTIVE

The general tendency shows that a majority of the articles written on the subject of market orientation devote themselves to identifying links which tie the level of market orientation of a business firm to its different types of organizational performances. Market orientation is the direct result of decisions made by the managers of a company and their ability to implement those decisions. The relationship between the managerial style of decision makers within a company and the nature and level of market orientation is an interesting one to examine. Thus, according to Harris and Ogbonna (2001), the study of this relationship has until recently been ignored in literature seeking to identify major causes of market orientation. This study focuses on the effects of a particular type of leadership exercised by some decision makers; transformational leadership, on the market orientation of their company.

The target population in this study is the 700 largest Canadian firms. The questionnaire is directed towards the person occupying the highest managerial position in the marketing department of his or her firm. The sample of this study is 131 businesses.

Four simple linear regressions link the study’s independent variable (degree of transformational leadership) to the four dependent variables: market orientation and its three individual components. In all four cases, one can note a positive relation between the tested variables. However, transformational leadership has explanatory, non-significant value with respect to market orientation and a predictive power varying between 0.4% (in the domain of interfunctional coordination) and 1.8% (for market orientation as a whole). When transformational leadership is broken down into its seven basic elements, only one, which measures empowerment, shows a significant relationship (r=0.189; p=0.042) with market orientation.

Locander et al. (2002) assert that in order to appreciate the advantages of market orientation, proper leadership is essential. It is also instrumental in raising a firm’s ability to motivate organizational changes which are vital to the development and continued maintenance of this orientation. The results of this study do not support this assertion. Though there is a positive link between transformational leadership and market orientation, this relationship is not of sufficient strength to be considered as statistically significant.

Studies which present invalidated results give us the opportunity to question our own knowledge and reconsider the logic which led us to propose the initial hypotheses. This research has served this very purpose. It demands further interrogation so that definitive answers may finally be obtained. If nothing else, this study makes even more explicit the complexity of interrelations between market orientation and its antecedents.